

CIA INTERNAL USE ONLY

11 July 1969

MEMORANDUM FOR THE RECORD

SUBJECT: Daniels Bill - H.R. 9825

1. Yesterday the Senate Subcommittee on Retirement chaired by Senator Vance Hartke (D., Ind.) with Senators Hiram Fong (R., Hawaii) and Caleb Boggs (R., Del.) present heard testimony by Senator Gale McGee (D., Wyo.), Chairman of the full Post Office and Civil Service Committee, on S. 2326 which is a companion bill to the Daniels bill (H.R. 9825) liberalizing retirement benefits (high three, credit sick leave, additional 1 percent for cost-of-living) and improving funding of the Civil Service Retirement Fund. Senator McGee recommended the Subcommittee consider incorporating the following in his bill:

a. Require Department of Defense payment to the Retirement Fund equivalent to military service credited for retirement. (This was dropped from the original Daniels bill in face of the Administration's position that this would involve a highly complicated procedure to effect transfer of sums within the Executive Branch and there was a more simple and direct solution.)

b. Permit the Civil Service Commission to increase the level of employer but not the employee contribution level above 7 percent, as needed.

c. Freeze the high three average salary used in computing annuities at the point at which the employee is eligible for a full annuity which would be a disincentive to stay beyond normal retirement age such as 60.

d. Provide for a transfer of credit to social security in the event of death or disability prior to five years civilian service, or as a partial alternative permit annuity payments in death in service cases after 18 months of service and compute annuity as if the employee had served for 20 years.

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e. Increase the minimum statutory annuity to child survivors to \$75 per month for one and raise the maximum payment to all children to \$2,700 per annum.

f. Increase the surviving widows annuity above the present 55 percent maximum.

g. Provide Federal income tax exemption for the first \$5,000 per annum of retirement annuity.

STATINTL

2. [REDACTED] attended this session and reported the above.

STATINTL

SIGNED

[REDACTED]
Assistant Legislative Counsel

Distribution:

Orig. - Subj.

STATINTL

1 - DD/S [REDACTED]

1 - OGC [REDACTED]

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OLC/LLM:rw (11 July 69)